South Dakota
State University
SDSU

Executive Vice President
for Administration

Box 2201, Administration Bldg. 226
SDSU
Brookings, SD 57007-2198
Phone: 605-688-6157
FAX: 605-688-4443

November 3, 2008

TO: Senator Jason M. Gant, Chairman
            Government Operations and Audit Committee

FROM: Dr. Mike Reger
            Executive Vice President for Administration

SUBJECT: FY 2007 Audit Report, Finding #2, Equipment Disposal

As we discussed in June, I informed you that we would work with staff in the South Dakota Property Management Office in Pierre to resolve the issues surrounding the transfer of research equipment from SDSU to a former SDSU faculty member.

This memorandum will document that corrective action on the above referenced audit item has been completed and the issue has been resolved. We are now in compliance with applicable SDCL and Hatch Act regulations regarding proper disposal of equipment.

Property Management authorized a private sale of the equipment to a third party. The property was appraised by Property Management and after negotiations between SDSU and the third party, Mr. Jeff Karst, Director, authorized SDSU to accept the offer of the third party. Funds have been received from the third party and have been forwarded to SD Property Management.

This action will resolve the questioned federal costs in the amount of $25,014.37 as reported. SDSU will be receiving proceeds from this sale at which time funds will be transferred to the College of Agriculture & Biological Sciences Agricultural Experiment Station for use in research related activities in accordance with Hatch Act regulations.

Documentation to support further review of this finding by the Department of Legislative Audit is available in my office. If you have any questions, please let me know.

cc: President David Chicoine, SDSU
        Dr. Tad Perry, SD Board of Regents Executive Director
        Martin Guindon, Auditor General, Dept. of Legislative Audits
        Edward Nwaba, USDA CSREES
        Wes Tschetter, Assoc. Vice President for Finance and Business, SDSU
        Jeff Siekmann, Controller, SDSU